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FISCAL IMPACT STATEMENT

LS 6124

BILL NUMBER: SB 643

NOTE PREPARED: Jan 14, 2005

BILL AMENDED:

SUBJECT: Health Care Coverage for Retired State Police.

FIRST AUTHOR: Sen. Lanane

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires the State Police Department (SPD) to pay health care coverage premiums for retired police and civilian employees of the State Police Department who participate in the SPD's health self-insurance plan. The bill establishes the State Police Retiree Health Coverage Fund to pay for the health care coverage for retired employees and provides for contributions to the fund.

Effective Date: July 1, 2005.

Explanation of State Expenditures: This bill establishes the State Police Retiree Health Coverage Fund to pay for the insurance coverage for retired State Police employees. An estimated additional \$3.7 M would be required annually to fully fund the health insurance program. (This amount is in addition to the amount contributed by active and retired State Police employees as specified in the bill.)

Background Information: This estimate is the average of two estimates provided by two different sources. The Human Resources Division of the Indiana State Police estimated additional costs at \$4.1 M annually. An actuarial analysis conducted by Milliman and Robertson, Inc., for the Indiana State Police Alliance in December 1996 estimated an impact of \$3.2 M, applying a 7% annual increase to the 1996 estimate. Both estimates assume no growth in the employee population. The funds affected are the state General Fund, approximately 48%, the Motor Vehicle Highway Account, approximately 48%, and the Motor Carrier Regulation Fund, approximately 4%.

The State Police Retiree Health Coverage Fund consists of required contributions by active employees. The State Police Insurance Advisory Committee recommends what the premiums for active employees will be. The

above proposal would result in a recommended increase in premiums. It is estimated that a master trooper's premiums, for example, would increase by \$1,095 annually. In addition, the Fund consists of interest earned and any amounts appropriated by the General Assembly. Money in the Fund at the end of a state fiscal year does not revert to the state General Fund. The Fund is to be administered by the State Police Department and is to be used to pay for the costs of health insurance coverage provided to retired State Police employees.

Explanation of State Revenues: See *Explanation of State Expenditures*, above, regarding employee contributions.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Milliman and Robertson, Inc., for the Indiana State Police Alliance in December 1996; State Police Department.

Local Agencies Affected:

Information Sources: Human Resources Division of the Indiana State Police.

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